



United States
Department of
Agriculture

Farmers
Home
Administration

Washington
D.C.
20250

FmHA AN No. 1798(1955)

September 16, 1988

SUBJECT: Income Applied on
Inventory Farm Accounts

TO: State Directors

PURPOSE/INTENDED OUTCOME:

This Administrative Notice (AN) is issued to clarify the application of income received on inventory farm property. We were recently advised by the Finance Office that payments were being coded incorrectly.

COMPARISON WITH PREVIOUS AN:

No previous AN has been issued on this subject.

IMPLEMENTATION RESPONSIBILITIES:

The Forms Manual Insert (FMI) of Form FmHA 451-2, "Schedule of Remittances," item (3), Miscellaneous Collections, provide two different methods of coding farm income.

Code 10 is for miscellaneous income that is to be applied to the inventory farm account. The miscellaneous income would include income received from the sale of hay that is NOT part of a lease. The income from the sale of hay from inventory properties as authorized by the unnumbered letter dated June 7, 1988, entitled "Release of Hay Acreage on Inventory and Custodial Property in Drought Areas," would be coded as miscellaneous income unless Form FmHA 1955-20, "Lease of Real Property," was completed and

EXPIRATION DATE: September 30, 1989

FILING INSTRUCTIONS:
Preceding FmHA
Instruction 1955-B.



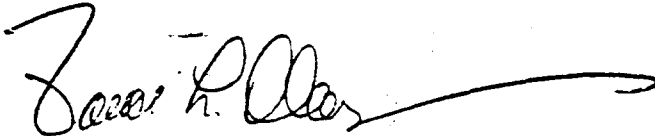
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Secretary of Agriculture, Washington, D.C. 20250

1798(1955)

transmitted to the Finance Office. The Finance Office does not have access to the farm inventory identification numbers, therefore, it is necessary for the County Office to reference the former borrower's case number and also indicate the source of the income on the Schedule of Remittance when using a code 10.

Code 15 is used for income that is received after establishing a lease account by completing Form FmHA 1955-20, "Lease of Real Property." The FMI requires that the lessee's name and case number and the former owner's name, case number and loan code also be included on the Schedule of Remittances.

If you have any questions, please contact Mr. Gary West, FPLSD, at FTS 382-1976 or commercial number (202) 382-1976.



VANCE L. CLARK
Administrator

Sent via electronic mail on Sept. 19 at 10:20 by DASD/IMPS.
State Directors, should advise other personnel as appropriate.